

[By Jenna Pizzi](#)

Rep. Peter Welch said Monday that he is introducing legislation that would enable Medicare to negotiate bulk prices for prescription drugs.

Welch said the current law, which prohibits Medicare from negotiating for lower prices for prescription drugs, is unfair to seniors on fixed incomes and to the federal government, which is having its own financial difficulties.

“The taxpayer is the largest purchaser of prescription drugs, but as a purchaser it cannot negotiate bulk price discounts,” said Welch, who spoke before a small crowd of seniors at the Barre Area Senior Center on North Main Street.

Welch, who is sponsoring the bill with Rep. Jo Ann Emerson, a Missouri Republican, said it is important that there is bipartisan support for the legislation if it is to have any hope of passing the House.

“All of us care about Medicare, and all of us care about the taxpayers,” said Welch.

He sponsored a similar amendment to the massive health care overhaul legislation last year; the amendment passed the House but was not included in the Senate’s version of the law. The deficit and budget challenges will help Republicans and Democrats alike see the value of bulk price negotiations for Medicare, he said.

Welch estimates that negotiated drug prices would save the country \$156 billion over the next 10 years.

“That is real money,” he said. “The concern that folks have about the budget deficit is an opening for us to get price negotiations, where they achieve the goal of saving money and we achieve the goal of strengthening Medicare.”

When Medicare Part D was passed in 2003 as part of the Medicare Prescription Drug Improvement and Modernization Act, it included the controversial prohibition against bulk price negotiations to ensure that pharmaceutical companies had enough income to invest in research and development. Welch said the pharmaceutical companies have not used the majority of their money for research but instead on advertising.

“Medicare Part D was basically a corrupt bargain,” said Welch, adding that Part D gave pharmaceutical companies 28 million customers while the federal government allowed them to charge what they wanted.

Pharmaceutical and biotechnical companies spent a record \$67.4 billion in 2010 on research

and investment, according to the Pharmaceutical Research and Manufacturers of America, a nationwide industry organization. Numbers on their advertising expenditures were not included.

The organization issued a statement Monday criticizing legislation that aims to negotiate lower prescription drug prices, saying Medicare would have to pick and choose what prescriptions to cover, and the prescriptions that are not covered would be dramatically more expensive.

“Many experts, including the (Congressional Budget Office), contend that the only way the government could effectively negotiate lower costs is to limit access,” said Karl Uhlendorf, deputy vice president of the organization, in the statement. “While we are committed to making the Medicare prescription drug benefit even better, we remain opposed to restrictive policies that would reduce access of medicines to seniors and undermine the program’s clear success.”

Welch said he is optimistic his legislation will succeed. He said he hopes that politicians and the pharmaceutical companies can find common ground on the issue, to benefit seniors on Medicare, including 110,000 Vermonters.

“Negotiation is a two-way street,” said Welch.